

STATE OF IOWA
**Credit for Prior Year Minimum Tax
for Individuals, Estates and Trusts**
Attach to your IA 1040

1996

41-009/625-1351 (8/96)

Name(s) as shown on page 1 of Form IA 1040

Social Security Number

PART I Computation of Net Minimum Tax on Exclusion Items

1. Enter taxable income (loss) from line 17 of your 1995 IA 6251	1. _____
2. Enter adjustments and preferences treated as exclusion items. See instructions.	2. _____
3. Combine lines 1 and 2. If zero or less, enter zero here and on line 11. Otherwise, go to line 4	3. _____
4. Exemption amount from line 21 of your 1995 IA 6251	4. _____
5. Phaseout of exemption. Enter line 22 of your 1995 IA 6251	5. _____
6. Subtract line 5 from line 3. If zero or less, enter zero here and on line 7 and go to line 8. Otherwise, go to line 7	6. _____
7. Multiply line 6 by 25% (.25) and enter result	7. _____
8. Subtract line 7 from line 4. If zero or less, enter zero	8. _____
9. Subtract line 8 from line 3. If zero or less, enter zero here and on line 11	9. _____
10. Multiply line 9 by 7.5% (.075)	10. _____
11. Regular tax after credits — line 28 of your 1995 IA 6251	11. _____
12. Net minimum tax on exclusion items. Subtract line 11 from line 10. Enter here and on line 14 and complete Part II	12. _____

PART II Computation of Allowable Credit

13. Enter amount from line 29 of your 1995 IA 6251	13. _____
14. Enter amount from line 12 in Part I	14. _____
15. Adjusted net minimum tax. Subtract amount on line 14 from amount on line 13	15. _____
16. Enter carryforward credit from line 24 of your 1995 IA 8801	16. _____
17. Total — add lines 15 and 16	17. _____
18. Enter your 1996 regular tax liability minus allowable credits. Line 46 less line 53. (line 24 less line 28 IA 1041)	18. _____
19. Enter your 1996 tentative minimum tax from line 27 of your 1996 IA 6251	19. _____
20. Subtract line 19 from line 18. If zero or less, enter zero	20. _____
21. Allowable minimum tax credit. Enter the smaller of line 17 or line 20 here and on line 57 of IA 1040 (line 31 IA 1041). See instructions	21. _____

PART III Computation of Minimum Tax Credit Carryforward to 1997

22. Enter amount from line 17 in Part II	22. _____
23. Enter amount from line 21 in Part II	23. _____
24. Carryforward of minimum tax credit to 1997. Subtract line 23 from line 22	24. _____

CPG-15636

INSTRUCTIONS FOR IA 8801
(11/96)

PURPOSE OF THIS FORM

Form IA 8801 is to compute the minimum tax credit, if any, for nonresidents and part-year residents who paid Iowa minimum tax that was paid in 1995 which may be claimed against their regular Iowa income tax for 1996 to the extent that the minimum tax paid was attributable to tax preferences and adjustments other than the exclusion tax preference for appreciated property charitable deduction. The form is also used to compute the minimum tax credit for a nonresident or part-year resident where a portion of the minimum tax is attributable to the tax preference for appreciated property charitable deduction.

WHO MUST FILE

Form IA 8801 should be completed by individuals, trusts and estates that:

- had an alternative minimum tax liability in 1996 or had a minimum tax credit carryover from 1995
- had adjustments and tax preferences on Form IA 6251 other than the exclusion tax preference for appreciated property charitable deduction on line 12a of IA 6251.

MINIMUM TAX CREDIT

The alternative minimum tax you paid is attributable to two types of adjustments and tax preferences - those called "exclusion items" and those called "deferral items". Generally, deferral items are adjustments and preference items that do not cause a permanent difference in taxable income over the years. An example is accelerated depreciation. "Exclusion items", on the other hand, cause a permanent difference in taxable income. Although there are a number of federal "exclusion items", the only exclusion item used in computing Iowa minimum tax is the deduction for charitable contributions of appreciated property (line 12a of IA 6251).

SPECIFIC INSTRUCTIONS:

To complete this form you will need form IA 6251 for 1995, Form IA 6251 for 1996 and IA 1040 for 1996.

Line 2 — Enter on this line the amount, if any, from line 12a of IA 6251 for 1995. If you didn't have a tax preference for appreciated property charitable deduction, all of your minimum tax for 1995 is attributable to "deferral items". Enter zero on this line, skip to line 13, and complete the rest of the form.

Line 16 — This is your alternative minimum tax carryforward credit from line 24, form IA 8801, for 1995.

Line 21 — Add the total from this line to the total from form IA 128, if any, and the total of the seed capital credit, if any, and enter the total on line 54, form IA 1040.

NONRESIDENTS AND PART-YEAR RESIDENTS

Nonresidents and part-year residents who paid Iowa minimum tax in 1995 may claim the alternative minimum tax carryforward credit against their regular Iowa income tax for 1996 to the extent that the minimum tax paid was attributable to tax preferences and adjustments other than the exclusion tax preference for appreciated property charitable deduction. The following formula can be used to compute the minimum tax credit for a nonresident or part-year resident where a portion of the minimum tax is attributable to the tax preference for appreciated property charitable deduction:

Minimum Tax (line 33 IA 6251) 1995	X	Iowa source tax preferences and adjustments (less appreciated property tax charitable deduction) Total Iowa source tax preferences and adjustments (including appreciated property tax charitable deduction)	=	Minimum Tax Credit (line 15 IA 8801)
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The minimum tax credit computed above is applied to the taxpayer's regular income tax liability to the extent that the regular tax liability (IA 1040 line 43 less line 50) exceeds the taxpayer's tentative 1996 Iowa minimum tax (IA 6251, line 27 X line 32).